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Atari Online News, Etc.
A-ONE Online Magazine
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->From the Editor's Keyboard  
"~~~~~"

"Saying it like it is!"

Well, winter is officially here. Thankfully, we haven't had an measurable snow since our first storm a couple of weeks ago. And it hasn't been all that cold here in New England either! The holidays are upon us. My shopping is done and I still have a couple of bucks left! The office party (or is that parties?!) is over although there is plenty of food (non-perishable!) to munch on.

I hope that everyone as a terrific holiday. In years past, I used to wish our readers a bountiful treasure of Atari-related gifts, but those days are long gone. It's too bad, but we all know the sad story. I guess it's enough to know that there are still a few out there supporting our favorite system, albeit minimally and slowly. It's something, and we're grateful.

I wasn't planning to say much this week, but I have to relay to you something that I received in e-mail today. We've all experienced spam over the years; it's difficult to get away from it altogether. Some people get really aggravated at this and write letters to various ISP administrators to complain. Sometimes it works while other times it doesn't. Today I received an unsolicited APOLOGY from an ISP due to one of its members sending out spam - which I indeed receive. I was amazed! I have never received an apology from an ISP regarding a spam complaint, much less getting one without my complaining (which I rarely do anyway!). I almost didn't even bother opening the message because I usually delete them sight unseen. But this time I noticed that the sender's name/address began with "sysadmin" with the the subject of "An Apology". I risked opening it. I copied the letter later in this issue because I wanted you to see that some ISPs are really concerned about spam and actually do something about it! At any rate, it made my day.

Again, Happy Holidays - Season's Greetings to all of our A-ONE readers!  
Enjoy a nice safe holiday - if you're "doin' the nog", do the designated driver!

Until next time...

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## New HighWire Browser Development Project

Hello all!

We are pleased to announce the HighWire Development Project web site.

URL: <http://highwire.atari-users.net>

While NO DOWNLOADS are available at this time. There are some screen shots and other info available for those interested. Downloads will be available shortly. This is a chance for non programmers to get an idea of how development is progressing and to book mark the site before the initial release announcements are made.

HighWire is a New Atari Browser that is UNDER development. We are asking anyone interested in helping code HighWire, in C, to join the group. We are also looking for people experienced in translation and documentation, so that the project can be available to as many Atari users as possible. Without any hurdles due to language problems or documentation.

Please visit the developer section of the site for information on how to join the list.

HighWire Development Project

<http://highwire.atari-users.net>

### Our Apologies

[sysadmin@simonweb.com](mailto:sysadmin@simonweb.com)

We would like to sincerely apologize for an unsolicited e-mail you may have received from a user on our network. The offending e-mail entitled "This really worked for me, \$\$\$ try, it's very easy" was sent by one of our users two days ago.

At Simonweb.com we do not support nor condone the use of unsolicited e-mail as a means of advertising. Any web hosting client of ours who is found to be taking part in the distribution of unsolicited e-mail is subject to account cancellation without notice. We have removed this user's account and we will destroy all e-mail lists associated with this user immediately. Rest assured that you will no longer receive this message from our network.

Because our rates are so low, we are occasionally targeted by these spammers because in the even that we do cancel their account, they are not out much money.

Fighting spam is the responsibility of every internet user and there are many ways to do it. If you are interested in learning how to fight spam, please visit spam page at <http://www.simonweb.com/spam.htm> .

This e-mail has been sent as an apology and you will not receive further messages from us. However, we did want to take the time to write this letter to you to help you find out how you can fight spam yourself. You really are more powerful in this battle against spam than you probably

realize. Again, for information on how to fight spam, please visit our spam page at <http://www.simonweb.com/spam.htm>.

Our sincerest apologies,  
Simonweb.com

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PEOPLE ARE TALKING  
compiled by Joe Mirando  
[joe@atarinews.org](mailto:joe@atarinews.org)

Hidi Ho Ho Ho, friends and neighbors. <grin>

Sorry. I couldn't resist. There's something about this time of the year that just makes me act silly. I think we could all use a little break from reality like that, don't you?

It's always amazed me that good feelings aren't as contagious as bad feelings are.

Put a bunch of people together, give them something to be mad about, and what happens? You get a mob. A mob is an ugly thing that represents the worst of mankind's collective personality.

Put a bunch of people together and give them something to be happy about. What happens then? You get a couple of people who remain happy, and a bunch more who start looking for a way to make money from the situation.

Dana knows me pretty well, and he's probably already warned you that I'm going to say "donate to a soup kitchen or homeless shelter" or something like that... and he's right.

You don't have to donate a truckload of turkeys or anything like that. But give something back. Help that little old lady in the store, help out the guy in the checkout line who's nine cents short.

You've probably heard me say this before, but something that Harry Chapin (the "Cat's in the Hat" guy) told me during an intermission break at one of his concerts has stuck with me to this day.

He was signing handbills and tee shirts and taking donations for his pet charity, World Hunger Year, as he usually did, and I proudly told him that I'd donated my christmas bonus to the local "soup kitchen" establishment.

He proceeded to verbally slap me around for a few minutes about how it's not only during the holidays that people need a little bit of help. I was incredibly hurt at first. But then I realized that he was right. Sure, giving someone a nice dinner for the holidays makes me feel good, but does it really make a difference in anyone's life?

I'm not in a position to donate half of my annual earnings to charity,

but I can give what I DO have... a helping hand once in a while.

Sefardic jews have an interesting philosophy about charity. It's mostly common sense, but the 13th century sage Maimonides of Cordova took the extra step of codifying it. In a nutshell:

- 1) It is good to give.
- 2) It is better to give anonymously, so as not to create debt or obligation.
- 3) It is better yet to give anonymously to an unknown recipient.

I'm going to step down off the soapbox now so that we can get to the stuff from the UseNet. Please, please, please, celebrate responsibly this holiday season. Don't drink and drive.... the life you save may be MINE!

From the comp.sys.atari.st NewsGroup  
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Andy Blakely asks about programming on the ST:

"Hi, I'm starting to learn the C language and would love to make software for the ST! Does anyone know where I could get a \*good\* ANSI C program? I figured there's freeware out there, but I've had trouble finding any.

I'm also willing to pay a little, but I'm a student and have little money."

Lyndon Amsdon tells Andy:

"Well, there is GNU C which is freeware but the manual is quite complicated (well being a newbie myself I thought so). Try Lattice C which is commercial but I picked it up second hand for about £30."

Dave Wade asks Andy some important questions:

"What type of Atari do you have. How much memory does it have? Do you have a hard drive?

If you have only a basic system then I recommend that you get either a second floppy or a hard drive.

For an "Original" ST, STFM or STE with no hard drive Sozobon is quite good, but there are some bugs in it,.

I think these are in Multi Dimensional arrays so they don't affect most programs.

If you have a Hard Drive GNU may be better, but it won't work on a floppy.

You will also need an editor, and possibly a shell/CLI.

If you want to write GEM (i.e. GUI programs) you may also want a

resource editor...

I spent many a happy hour coding away using a twin-floppy system using Gulam as the CLI/EDITOR and SOZOBON as the "C" compiler. But I must say when I switched to a hard drive productivity went up nearly 10 fold when I got a hard drive..."

Andy answers Dave:

"I have 2 Atari systems.

1 - STF w/1mb, TOS 1.4, 2 floppy drives  
1 - STE w/4mb, TOS 1.6, 540mb SCSI HDD setup (using ICD adapter),  
Mario Becroft's VGA adapter.

I would love to have GNU C, but I can't find where to download it!  
Can somebody please tell me? I also have Laser C with the book and everything, but one of the disks went bad!! If anyone else owns Laser C, I'd love to get a copy of that one disk from you."

Adam Klobukowski tells Andy:

"Latest versions of GNU C can be found in SpareMiNT archives:  
sparemint.atari.org, but they are RPM packages and will need lots of memory (more than 4MB). Older versions of GNU C can be found at various FTP servers.

As for version 3.x they are reported to work too slow and require to much memory to run on ordinary Ataris.

You will also need MINTLIB which is a LIBC implementation for Atari. It can be found in same places as GNU C. There is some problems here: you need newer GNU C versions to use newer MINTLIB versions, if you will use old compiler you have to use older library.

There are also some other free C implementations on various FTPs but I wouldn't recommend that because they are old."

Of course, the big news this week is that there's a new web browser on the horizon for Atari computers. Rob Mahlert posts this:

"Hello all!

We are pleased to announce the HighWire Development Project web site.

URL: <http://highwire.atari-users.net>

While NO DOWNLOADS are available at this time. There are some screen shots and other info available for those interested. Downloads will be available shortly. This is a chance for non programmers to get an idea of how development is progressing and to book mark the site before the initial release announcements are made.

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Please visit the developer section of the site for information on how to join the list.

HighWire Development Project  
Why take a taxi... When you can fly!

<http://highwire.atari-users.net>"

Hallvard Tangeraas asks about his favorite resource editor:

"What's the current status of the RSC editor "Interface"?

I bought the program years ago and have the English version 2.30, but since then it's been released freely (apparently not the usual freeware, but it's still available for free).

It's available at Gerd Hoeller's website (<http://www.gerd-hoeller.de/>). I tried bookmarking, then going back to the direct link to the file (<http://www.gerd-hoeller.de/atari/gfabasic.htm>), but that only sent me back to the main page again...

So to get at it you have to

- a) click on the Atari software section from the main page
- b) click on the "GFA-BASIC" section where you'll find it.

I've contacted the author about this and the fact that only a German version is available there, but since my Notator mailing list members might need a RSC editor (for organizing some new MIDI/sound icons I'll be making available one of these days), this program would come in handy for sure! But... preferably an English version.

Alternatively, what (freely available) icon editors/organizers are there which let you organize colour icons on mono systems (all my colour icons are made with a "selected" part so that they will in effect become "animated". I've also taken care to include mono icons inside the same colour icons -these can be used with replacement desktops such as "Thing", even on mono (ST-high) systems)."

Pascal Ricard tells Hallvard:

"I also bought Interface 2.30 years ago. I downloaded the "free" version some months ago and used... Interface 2.30 to compare the French (old) rsc file and the German (new) one. There is no difference, except in the info dialog but it's not a problem. You will notice that the later version still shows 2.30 as the version number.

Btw, this comparison tool is the kind of thing that I really miss in RSM."

Peter West asks about a particular feature of CAB:

"For some time I have noticed oblong panels marked 'Censored' with a large question mark below the text appearing in various HTM documents in my CAB 2.7 (I think the first I saw was in an old 'My Atari' page). I thought nothing of it, figuring it was some kind of ad that would eventually reveal itself.

Recently an acquaintance sent me a printout of a page downloaded on her PC which had an advertising panel for some sort of

detective agency along the bottom. But when I accessed the same page, I got the 'Censored' panel again. It would seem that \*something\* is intercepting ads on HTML pages in my CAB. Not that I object, mind you (far from it) but I would like to know what is causing this. Any ideas anyone?"

Pascal Ricard tells Peter:

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"Yep :-)  
It's the feature provided by the Cabcom module."
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Well folks, that's it for this week. Tune in again next week for the final issue of the year. 'Till then, keep your shoulder to the wheel, your eye on the horizon, your nose to the grindstone, and your ear to the ground. And IF you can do all that at once, you're much more limber than I. <smile>

And always be ready to listen to what they are saying when...

PEOPLE ARE TALKING

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[illegible]
$$= \sim = \sim = \sim =$$

->A-ONE's Game Console Industry News - The Latest Gaming News!  
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Video Game Field Becomes Crowded and Highly Profitable

While car companies, publishers and other businesses warn of a rough 2002, video game makers are preparing for their greatest year ever, fueled by the introduction of two systems promoted with hundreds of millions of dollars in advertising.

After a year of unchallenged domination in the market for powerful next-generation game consoles, Sony is under assault. Nintendo and Microsoft each began selling new systems last month that will challenge Sony's PlayStation2, which already shipped more than 20 million around the world.

In the past, the video game market has never made room for three consoles. One has always dropped off, with the most recent casualty being the Sega

Dreamcast earlier this year. But never before have three companies like Sony, Microsoft and Nintendo competed for video game players, who spent nearly \$19 billion worldwide on consoles, games and accessories last year.

"We've never seen three heavyweight competitors in the same space at the same time," said Kelly Sumner, chief executive of Take-Two Interactive Software. "That makes it interesting."

Nintendo, a century-old Japanese games company, and Microsoft, the world's largest software company, have different motivations. Nintendo's GameCube is a pure game machine, playing some of the most imaginative and cult-inspiring games on any console. Microsoft's Xbox, with its ability to connect to the Internet and play digital video and music, is a Trojan horse of sorts, part of the company's ambitious effort to extend its reach from the personal computer to the television.

Introduced with great fanfare, GameCube and Xbox moved off shelves as quickly as Nintendo and Microsoft could get them there, according to early tallies from research firms. Sony also reaped the benefits of the buzz created by its competitors, with PlayStation2 sales jumping 83 percent during Thanksgiving week, right after Nintendo and Microsoft introduced their consoles.

Their efforts to dethrone Sony and Sony's resistance to the challenge are expected to generate nearly \$1 billion in advertising over the next 18 months. Developers and publishers of video games expect to ride the wave of publicity to record sales that will rival Hollywood box-office receipts.

The SoundView Technology Group, an investment bank, predicted that makers of consoles, games and accessories will ring up nearly \$30 billion in sales in 2002, up from \$24 billion this year.

While profits are thin as manufacturers subsidize the sale of hardware, they grow rapidly once consumers start buying games to play on them. The games unit of Sony, for example, lost \$23 million in the second quarter of 2000 as it rolled out its PlayStation2 consoles. In the second quarter of this year, as it shifted to selling more games than hardware, it made an operating profit of \$34 million on sales of \$2 billion.

Once the bulk of sales shifts to games from consoles, profit margins grow. Nintendo, for example, made a profit of \$274 million on sales of \$1.8 billion in the six months ended Sept. 30, before introducing its GameCube console.

Those benefits are also felt by independent game publishers, who pay a royalty to the console makers.

"It doesn't matter to us who wins the war," said Robert A. Kotick, chairman and chief executive of Activision, a games publisher. "We just get the benefit of the spoils," he said, adding, "it's a great time to be in the video game business."

The undisputed leader in the battle today is Sony, which has shipped nearly 110 million consoles and 880 million games since its first system, the PlayStation, wrestled the title of must-have system from Sega in 1995.

Sony padded its lead with the release last October of the PlayStation2, which, with its ability to play DVD's, made clear Sony's intentions to use its game machines for much more than games.

Despite production problems that limited its supplies, the PlayStation2 quickly sold its initial run of 500,000 consoles, then the industry's most successful new-product introduction ever. And the machine is only now beginning to hit its stride, as game developers are beginning to figure out how to use its complex graphics chip to create games of unusual depth and beauty. By the end of this year, Sony expects about 280 games on the market, compared with about 20 for Nintendo and 30 for Microsoft.

Sony is "almost in an unassailable position over the next two years in regards to being the platform leader," said Peter Moore, president and chief operating officer of Sega of America, which now develops games only for its Japanese parent, Sega.

Nintendo, which single-handedly revived a struggling video game industry in 1984 with its Nintendo Entertainment System, is the strong bet to be No. 2 after Sony. Nintendo, which created the Pok mon trading cards craze, has a virtual lock on the loyalties of game players under age 14, with GameCube titles like Luigi's Mansion and the best-selling hand-held game systems Game Boy Advance and Game Boy Color.

At \$200, the GameCube also sells for \$100 less than the Xbox and PlayStation2. The savings come from the console's ambitions to be nothing but a games machine.

"If you're watching movies you ain't playing games, and our business isn't about selling movies," said Peter Main, executive vice president for marketing at Nintendo America.

The wild card is the newcomer, Microsoft. With \$25.3 billion in sales in the fiscal year ended June 30 and a cash cow in its Windows operating system, Microsoft can afford to lose money in its efforts to conquer the living room as it did the office. The Xbox runs like a souped-up personal computer, with an Intel Pentium III processor and a graphics chip by Nvidia.

It plays DVD's, has an 8-gigabyte hard drive that streams graphics onto the screen faster and lets players copy music from CD's to create their own game soundtracks. It also has a broadband Internet connection for an online games service, which is expected to start next summer.

The Xbox's processing muscle offers the potential for more realistic games than the industry has seen, a potential hinted at in critically acclaimed early games like Halo, an alien-battling contest, and Dead or Alive 3, a martial arts game. But to succeed, Microsoft must have a franchise-creating game that holds more popular appeal than shooting and fighting contests. It must also beat the Japanese on their home turf; the Xbox goes on sale in Japan in February.

Both the GameCube and Xbox enjoyed strong demand in their first weeks on the market. Through the week after Thanksgiving, Microsoft sold 738,000 Xboxes and an average of 2.4 software titles for every console sold, according to Credit Suisse First Boston. Nintendo sold 534,000 systems and 1.9 games for every console, it said.

Sony appears content to let Nintendo and Microsoft jostle for second place. Kazuo Hirai, president and chief operating officer of the Japanese company's North American division, Sony Computer Entertainment America, said that in the last generation of consoles, sales of Sony's first PlayStation took off when the Sega Dreamcast and Nintendo N64 hit the

market. He expects the same to happen now.

"At the end of the day, it's going to drive a lot more people to retail," he said, adding that customers will buy the machine with the best games.

The surging interest in video games comes at an opportune time. Fears of terrorism that have crippled industries like air travel are expected to help, rather than hurt, video game makers. People want to stay closer to home these days, yet still be entertained.

Analysts call the trend cocooning, and say the games industry should benefit from it. It has worked in the past; one of the industry's strongest periods came near the end of the Persian Gulf war of 1991. Game makers say they have seen similar tendencies since the Sept. 11 terrorist attacks. Electronic Arts, a leading games publisher, said rentals of its games at stores like Blockbuster spiked in mid-September. Activision, another games publisher, said sales of its top games during Thanksgiving week increased 44 percent over the period a year earlier.

"The real time to measure the success of any of these products is going to be a year from now," said Thomas R. Bell, a global manager partner in the electronics and high-technology division of Accenture, the consulting company. "What's at stake here is the beginning of convergence across the digital home."

PlayStation 2 Leads Holiday Sales

As expected, Sony's PlayStation 2 is leading holiday sales of video game consoles, despite strong competition from Microsoft's Xbox, according to sales figures from research firm NPD Intellect.

Sony sold 1.4 million units of the PlayStation 2 in the United States in the fourth quarter through Dec. 8, according to sales figures tallied by NPD and compiled in a report released by Credit Suisse First Boston. Microsoft trailed slightly, selling 934,000 copies of its Xbox through Dec. 8. Nintendo came in a more distant third with 615,000 units of its GameCube console. The Xbox went on sale Nov. 15; the GameCube debuted Nov. 18.

Xbox sales were on track to reach 1.5 million units by the end of the year, in line with the high end of Microsoft's estimates, according to the Credit Suisse reports.

"We're really happy with the sales so far," James Bernard, Xbox product manager for Microsoft, told CNET News.com. "When you compare our first few weeks to Sony's first few weeks with the PlayStation 2 last year, we're way ahead," he said, referring to Sony's lingering supply supply problems with the console when it was introduced last November.

Sony, which cited more recent NPD data to tally sales of some 1.5 million PS2s from Thanksgiving week on, credited its lead in large part to hot new software titles such as "Grand Theft Auto 3" and "Metal Gear Solid 2."

"Clearly, data for the first month of the holiday sales season indicates that the entire PlayStation family of products will soundly outsell all competitors combined, despite the heralded introduction of new game consoles during this important month," Jack Tretton, senior vice president

for Sony Computer Entertainment of America, said in a statement.

Nintendo representatives could not immediately be reached for comment.

The Credit Suisse report also noted strong growth in software sales, with game software leader Electronic Arts posting \$247.3 million in sales to date for the fourth quarter, a 37.8 percent jump from the \$179.5 million recorded in same period last year.

PlayStation 2 Dominates November Video Game Top-20

Games for Sony Corp.'s PlayStation 2 dominated the list of the top-20 video games for November, with more top titles than the two newest competitors combined, a new report said Thursday.

According to November figures from The NPD Group, seven PlayStation 2 titles made the top 20, including the top two games, Konami Co Ltd.'s ''Metal Gear Solid 2" and Take-Two Interactive Software Inc.'s ''Grand Theft Auto 3."

The two newest consoles on the market, Microsoft Corp.'s Xbox and Nintendo Co. Ltd.'s GameCube, had four and two top-20 titles, respectively. Xbox launched on Nov. 15 and GameCube launched Nov. 18.

Rounding out the top 20 were three games for Sony's PlayStation One console, three for Nintendo's Game Boy Color handheld gaming unit and one for its newer handheld products, the Game Boy Advance.

The NPD figures are based on total units sold, rather than dollar revenue from sales.

The top publisher for the month was Electronic Arts Inc., the No. 1 third-party game publisher, with six titles on the list, crossing all platforms except for Xbox and GameCube.

Among the other major third-party publishers, No. 2 Activision Inc. had three games on the list, while No. 3 publisher THQ Inc. had two top-20 games.

The top game for Xbox was Microsoft's own ''Halo," while the top GameCube game was Nintendo's ''Luigi's Mansion."

In a nod to the popularity of the film ''Harry Potter and the Sorcerer's Stone," which has earned \$253.3 million at the domestic box office to date, three ''Harry Potter" games published by EA and released the same day as the movie's premiere made the top-20 list.

This year is expected to be a record-setting one for the video game business in the United States, easily outpacing 1999's \$6.1 billion in sales. Worldwide, video gaming is a \$20 billion-a-year business.

Report: PC Games Still Have Edge on Consoles

The PC is still the primary game platform being used by American gamers,

research firm Jupiter Media Metrix said in a report released Monday.

Jupiter found that despite the popularity of game consoles and the holiday hype surrounding them, 46.7 million computer users with an online connection played at least one PC-centric game in October, a 10 percent increase from January.

In addition, although sales of consoles with an Internet connection will jump from 700,000 in 2000 to an estimated 12.3 million in 2006, PC-based games will still dominate the online market, Jupiter said.

In 2006, according to Jupiter's estimates, subscription revenues for online PC-based games will approach US\$1.5 billion, versus \$250 million for online console-based games.

"Stakes for the connected video games market are growing rapidly but don't signal a gold mine yet," Jupiter analyst Billy Pidgeon said in a statement issued Monday.

"While revenues from software for offline consoles remain two to three times higher than offline PC games revenues, subscriptions for online PC games will continue to exceed subscriptions of online console games in the immediate term."

Although more people play games on their home computer than on a console, those PC gamers generally stick to low-end games, such as the ones bundled with their Windows operating system, Pidgeon told NewsFactor Network on Tuesday.

According to Jupiter's survey, the four most popular PC applications were all Windows-based applications, as has been the case for several years. Microsoft's version of Solitaire claimed the top spot with 21.3 million unique users in October, with Freecell, Hearts Network, and Minesweeper coming in second, third and fourth, respectively.

In online PC-gaming, most users also gravitated to relatively simple games such as chess or checkers on Yahoo! and similar portals, Pidgeon told NewsFactor. These portals then generate revenue through ad revenues and other means.

Pidgeon said that among those surveyed who used both PCs and consoles as gaming platforms, overlapping users reserved high-end gaming for their consoles because as a rule, console games provide a rich immersive experience.

Those using consoles had higher expectations for the games played on them than those who stuck with PC-based games, Pidgeon said.

Because online gaming does not yet offer at a reasonable price the sort of experience that hard-core gamers want, it will be a long time before usage and revenues of online console games come close to those of PC-based ones, Pidgeon said.

As Long As There Are PCs...

"It's a nascent market," Pidgeon said, noting that Sega Dreamcast was the first to go online, just last year.

Pidgeon went on to say that, while offline console games revenue outstrips that of PC-based games, the latter will not go away as long as there are

PCs.

"People will always use computers to play games," said Pidgeon.

Game Makers Face "Rings" Rivalry

It might not be as colorful as Sauron vs. Gandalf, but a battle is shaping up in the game industry over "The Lord of the Rings."

Electronic Arts announced Wednesday that it has secured rights to produce video games based on the "Rings" series of films, which opened Wednesday with "The Lord of the Rings: The Fellowship of the Ring." EA said in a statement that it plans to have its first "Rings" game on the market late next year, to tie in with the release of the second film of the series, "The Two Towers."

Rival game publisher Universal Interactive, meanwhile, has rights to produce games based on J.R.R. Tolkien's "The Lord of the Rings" books. It is also looking to have its first "Rings" products out late next year, with games for the Xbox and GameBoy Advance slated to be released in the fourth quarter.

While hesitating to cast the situation as an all-out war for Middle Earth, a Universal representative acknowledged the looming competition, predicting that Universal's products would score better with longtime "Rings" fans. "They want the truest experience of the Tolkien universe, and that comes from the literary works," the representative said.

Electronics Arts representatives could not be reached for comment.

IDC games analyst Schelley Olhava said Tolkien's Middle Earth realm should be big enough to support two game publishers.

"'The Lord of the Rings' is a pretty big franchise," Olhava said. "A lot depends on the quality of the games and when they get to the market, but I think there's room for a number of games to succeed."

Olhava noted that Universal's Tolkien plans extend beyond game consoles. The company is also well into development on plans for a massive multiplayer online game based on Tolkien's "Ring" books. But it may face a little competition there as well. The project will be ready around the same time Sony completes plans for a similar online service based on an even more formidable franchise: "Star Wars."

"It's not clear how much room there is in the market for these online role-playing games," Olhava said.

Nevertheless, such games, including Sony's "Everquest" and EA's "Ultima," have attracted hundreds of thousands of players who pay monthly fees to access online content. The lure of such subscription revenue has sparked the interest of most major game publishers, who look to online gaming as an important source of future profits.

By Dan Iacovelli

The more crystals you collect the more powerful your ship becomes so you can face Sinistar him himself. The game play of this rom is basically the same as the arcade, unfortunately this game is a prototype and there are no instructions. As for sound f/x it is kind of average and there is

no speech like the arcade when sinistar is close to being finished (in the arcade he says something like "beware I live" or "I hunger").

Overall I still like playing this game on the 2600 emulator it's still a challenge and fun to play. I give this game three stars.

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A-ONE's Headline News
The Latest in Computer Technology News
Compiled by: Dana P. Jacobson

Government Internet Snooping: Out of Control?

While no one wants to stand in the way of the U.S. government and its use of technology to tackle terrorism, privacy advocates and security experts continue to express the same low-tech concerns -- that oversight of government snooping is inadequate and that the United States has proven it cannot keep the information it collects safe.

Law enforcement officials have received even broader powers thanks to recent anti-terrorism legislation, such as the PATRIOT Act and cyber-terrorism laws, which allows wider application of electronic surveillance with less obtrusive warrant requirements.

Civil libertarians have focused much of their attention on the Federal Bureau of Investigation's e-mail scanning DCS1000, better known as Carnivore, and its deployment on large Internet service provider (ISP) networks.

In addition, the FBI admitted last week that it is developing a computer worm capable of recording and transmitting data to investigators -- the project called "Magic Lantern."

Despite an unwillingness to criticize the government and its Magic Lantern plans, most antivirus experts assert that no computer worm is a good worm.

Concerns center on a lack of control over a virus on the Internet and the fear that Magic Lantern, which the government reportedly plans to ask antivirus vendors to allow through their security screens, would provide an attack avenue for other viruses that emulate it.

Electronic Privacy Information Center legislative counsel Chris Hoofnagle told NewsFactor Network that regardless of the technology -- Carnivore, Magic Lantern or anything else -- the same concerns apply.

"The FBI has always underestimated the amount of process they need, which is natural -- it's a zealous defense of law enforcement," he said. "What review or court oversight will the FBI deem appropriate for the use of new technology? The challenge is keeping the FBI honest about the amount of court oversight."

Hoofnagle also expressed concern that any technology used by the

government is likely to make its way into the hands of non-government individuals as well as foreign governments.

"These surveillance techniques are not limited to the American government," he said. "That needs to be thought through."

Hoofnagle argued for privacy protections, adding that government technologies -- such as Carnivore, which was discovered after its mention during an FBI trade show address -- are difficult to uncover.

"There is not a general way to figure out what the government or National Security Agency might be developing on their own," Hoofnagle said. "So you never know what's going on out there."

Security Focus incident analyst Ryan Russell told NewsFactor that in addition to privacy concerns, there is a mistrust of government and its handling of personal or sensitive information.

"Nobody's real thrilled with the government's record of securing its own stuff," Russell said. "Even if you're not worried about abuse of authority, what about the computer the stuff is actually stored on? Is it going to be stored on one of the computers the [General Accounting Office] keeps faulting?"

Russell said that while the security community is predominately opposed to giving government the keys to encryption, a better model is to have private companies hold secure data and provide law enforcement with access to it.

Both Russell and Hoofnagle said the biggest concern for computer users is probably the fact that recent legislation has established lighter warrant requirements for e-mail and Internet surveillance.

"Once the U.S. Attorney certifies that the application of Carnivore is relevant to an ongoing investigation, the judge's discretion stops," Hoofnagle said.

"We're always skeptical, we're always questioning. 'Trust us' isn't sufficient."

FBI Raids, Cripple Software Pirates

The informal community of Internet software pirates has been ripped apart by the recent international law-enforcement raids on many of its elite crackers, members of the shadowy scene said this week.

"This is a bad hit for warez," one self-described 18-year-old programmer, who has been a member of the community for four years, wrote in an online chat with CNET News.com. "Right now, every scene is at a standstill. Every one of them."

Warez is the generic online name for digital content such as games, movies or software whose copy protection has been defeated by skilled programmers. The programs can then be used on any PC without first buying the software.

The chaos is the result of what has been billed as the largest action

against online software pirates to date.

Early last week--with the cooperation of the U.S. Justice Department and international law-enforcement agencies--the U.S. Customs Service, the FBI and the U.S. Department of Defense's Defense Criminal Investigative Service (DCIS) led simultaneous strikes stemming from three separate investigations targeting suspected members of the warez community worldwide.

The U.S. Customs Service, the U.S. Justice Department and law enforcement from the United Kingdom, Australia, Finland and Norway seized more than 130 computers worldwide between Dec. 10 and Dec. 12 as part of the first overt enforcement action in their 15-month investigation, dubbed "Operation Buccaneer," of a warez group known as DrinkOrDie.

On Dec. 11, the DCIS, the Environmental Protection Agency's Office of Inspector General and the FBI served 34 search warrants in the United States and Canada. The searches came at the culmination of a sting, known as "Operation Bandwidth," in which an FBI office operated a fake warez site. More than 144,000 programs were uploaded to and downloaded from the site, said Alan Peters, supervisory special agent for the FBI's Las Vegas office.

The undercover operation didn't just target casual file traders, he said. "We aimed as high up the food chain as we could possibly get."

A second undercover investigation by the FBI in New Hampshire also resulted in a dozen searches across the country on Dec. 11. The yearlong investigation, known internally as "Digital Piraterz," focused on the upper echelons of the warez community: suspected crackers.

U.S. Customs spokesman Kevin Bell said it is unclear what effect the raids have had to date, but he said the investigation has yielded new leads and is expanding, with as many as 15 other countries expected to aid worldwide law-enforcement efforts in the future.

Moreover, most suspected warez group members questioned in the past week of raids have been willing to give details about others in the community, said Bell.

"Nearly everyone we are talking to is cooperating," he said. "They are not only cooperating but providing us additional information."

As a result, the agency has been adding search warrants daily based on new information, with nearly a dozen new searches executed in the past few days on top of 37 searches that lead off the agency's sweep last week.

He said the agency is looking at 50 terabytes of data, which will take several weeks to review.

In a Web site posting that continues to be updated, warez gadfly "ttol" wrote that the two major hubs for communications between pirate groups, one at the Rochester Institute of Technology (RIT) in New York and the other at the University of Twente in the Netherlands, have been compromised as a result of the crackdown.

While no raids have yet been confirmed in the Netherlands, reports of warez group surveillance have chilled activity in the country, according to "ttol."

"These two universities were the mother ship," the underground scribe wrote, alleging that Twente is the favored network for moving pirated programs between sites in Europe and that RIT has a similar status in the United States. In addition, many crackers--as those who break the security on desired programs are known--have been driven into anonymity.

On Dec. 11 and Dec. 12, U.S. Customs Service agents took six computers from the residences of six students at RIT, a university representative confirmed. Identified only by their Internet addresses, which the university had to match with students, the computers are thought to hold a large amount of pirated software.

"As far as we know, it's just the six," said Laurie Maynard, spokeswoman for RIT. "What Customs is doing with the computers and the information, we don't know."

Maynard said she was surprised to hear that RIT was well known in the underground as a place to stash pirated digital content, and added that the students' status had not changed.

It's "too early to tell what this means," she said.

Officials at Twente could not immediately be reached for comment.

The warez community can be divided into smaller "scenes" based on the type of content their members are interested in. Typical divisions are the DivX scene for movies available in MPEG-4 format, the MP3 scene for music available in that popular format, and the PS2 scene for pirated PlayStation 2 games.

"Everyone that had a significant role in the community is worried that the (DrinkOrDie) takedown will change the way the scene works," said the warez programmer, who asked that his name and online handle not be used. "It won't be quite so public anymore."

Typically, a "leak"--someone who supplies a copy of a yet-to-be-released program--uploads the data to an online drop box. The supplier often is someone who works in the company and sells the code for money or to get back at the company for some perceived slight.

The cracker then takes the program, breaks through the security and "rips" a copy that works without the CD-ROM. This step is, by far, the most time-consuming. Typically, the cracker then uses a private site to pass the program to a courier, or curry, who distributes the program to publicly accessible download sites.

Although the raids mainly targeted those suspected of cracking content, the effects will trickle down to hit the software pirates on the street, the warez programmer said. Such pirates depend on the warez community for their supply of copy-protection-free content.

For example, VideoCDs--popular in the Asia-Pacific region--might become scarce, especially those made from newer movies.

"VCD groups have stopped releasing," the warez programmer said. "Asian markets can't get copies of American movies to subtitle, which means they can't sell them on the street."

The discord within the community has been heightened by the FBI's ability to infiltrate at least one online group, RogueWarriorz. In his posting,

"ttol" describes RogueWarriorz as a group of about 70 members with access to more than 40 sites belonging to other groups.

The FBI's Peters confirmed that the target of its Operation Bandwidth investigation was the RogueWarriorz.

Peters also predicted that the investigation will drive the remaining software pirates underground. "I think the trend is more, for their own protection, to keep the sites from outside access," he said. "Many have password protections added to them now."

Despite the discord, at least one member of the warez scene believes the law-enforcement victory is fleeting.

"I'm just sure that whatever the FBI decides to do, there will still be people ripping and releasing (warez) internally through groups," wrote one member of the music scene, who used the handle "dsif0r."

"We have finally lost; but I assure you, the FBI cannot keep us down."

Computer Virus Could Render a Very Unhappy New Year

A newly discovered computer worm, sent under guise of a holiday greeting, has popped up in the United States and Europe and, if activated, could destroy personal computers, experts said on Wednesday.

The Reeezak worm enters a computer as an e-mail message in Microsoft Corp. Outlook with a subject line "'Happy New Year" and an attachment -- "'Christmas.exe" -- which a recipient may think is a Christmas card.

The worm can disable selective keys on the infected computer's keyboard and delete all the files found in the Windows System Directory, rendering the computer inoperable, said Ian Hameroff, director of antivirus solutions for Computer Associates International Inc.

Because the worm, a self-propagating virus, sends itself to every e-mail in an address book, recipients are more likely to open the attachment because it appears to come from a recognized source.

"If it were launched in June, many people would be suspicious of it, but since it is the holidays and you may be expecting to receive such greetings from friends and colleagues you may trust this and receive a gift you aren't exactly expecting," Hameroff said.

Hameroff recommends recipients of e-mail messages that come with unsolicited attachments call the sender to verify they sent it before opening the attachment and possibly activating a virus.

Reeezak first appeared in the United Kingdom and other parts of Europe and was detected later in the United States, where Hameroff guessed thousands of computers have been infected.

Computer Associates rated the worm a medium to high risk.

Symantec Corp.'s Security Response unit had not yet rated it Wednesday afternoon and McAfee.com had it at a low risk threat.

A message in the body of the Reeezak e-mail reads (with the first word misspelled):

``Hii

I can't describe my feelings

But all i can say is

Happy New Year :)

bye"

Other names for the worm are: W32.Zacker.C+mm and W32.Maldal.C+mm.

Clever Shoho Worm May Flood E-mail

Using an old IE vulnerability and its own e-mail server, Shoho (alias Welyah) might spread quickly and will damage Windows files on infected systems.

Yet another worm has cleverly taken advantage of a well-publicized and already patched vulnerability in Internet Explorer by offering an e-mail message that sounds legitimate to frequent Internet users. On some systems, Shoho (w32.Shoho.a+mm, alias Welyah) will launch itself when the infected e-mail is previewed or viewed. Shoho also uses its own SMTP engine, as SirCam does, to send out copies of itself to e-mail addresses found in the Outlook Address book and other address files. However, Shoho deletes some Windows files and can cause a general protection error on some systems upon reboot. Because of the potential for excess e-mail and file damage, Shoho currently ranks a 6 on the ZDNet Virus Meter.

Shoho arrives as e-mail with a subject line that reads "Welcome to Yahoo! Mail."

The body text reads as follows:

This messages a character set that is not supported by the Internet Service. To view the original message content, open the attached message. If the text doesn't display correctly, save the attachment to disk, and then open it using a viewer that can display the original character set.

The attached file, readme.txt, is not really a text file but a forged EXE file that contains the malicious code.

If a user opens the attached file, Shoho copies itself to the Windows directory as Winl0g0n.exe and adds a line to the Registry in order to run every time Windows is started.

Shoho also adds the following files to an infected computer to the C:\Windows subdirectory:

- email.txt
- emailinfo.txt
- drwatson
- drwatson\frame.htm

winl0g0n.exe

The worm will attempt to delete the following files from the C:\Windows subdirectory:

- 1stboot.bmp
- asd.exe
- cleanmgr.exe
- clspack.exe
- control.exe
- cvtaplog.exe
- defrag.exe
- dosrep.exe
- drwatson.exe
- drwatson
- drwatson\frame.htm
- emm386.exe
- himem.sys
- hwinfo.exe
- jautoexp.dat
- kacheln.bmp
- kreise.bmp
- license.txt
- logos.sys
- logow.sys
- moricons.dll
- nddeapi.dll
- nddenb.dll
- netdet.ini
- ramdrive.sys
- runhelp.cab
- script.doc
- setup.bmp
- smartdrv.exe
- streifen.bmp
- suback.bin
- support.txt
- telephon.ini
- w98setup.bin
- wellen.bmp
- win.com
- win.ini
- winsock.dll

Deletion of the above files may result in a general protection failure the next time the computer is rebooted.

Patch or upgrade your Internet Explorer to avoid the "Automatic execution of embedded MIME types" vulnerability. Users of IE 5.01 will need to download security bulletin MS01-020 from Microsoft. Users can also upgrade to IE 5.5 SP2 or IE 6.0, if they choose a full install. Users of Microsoft Outlook 2002 and users of Outlook 2000 who have installed the Security Update should be safe. Users who have not upgraded to Outlook 2002 or who have not installed the Outlook 98 Security Patch or the Outlook 2000 Security Patch should do so. In general, do not open attached files in e-mail until you've saved them to the hard disk and scanned them with updated antivirus software. Contact your antivirus vendor to obtain the most current antivirus signatures.

A few antivirus software companies have updated their signature files to

include this worm. These updates will stop the infection upon contact and, in some cases, will remove an active infection from your system. For more information, see F-Secure, Kaspersky, McAfee, Sophos, and Trend Micro.

Judge Agrees to Delay Microsoft Ruling

A federal judge has agreed to delay his decision on whether to grant preliminary approval to a proposed settlement to the private class-action lawsuits accusing Microsoft Corp. of antitrust violations.

In a brief statement Thursday, U.S. District Judge J. Frederick Motz said he would not issue his opinion on the proposed settlement until Jan. 10 while the various sides meet to discuss the settlement proposal. Motz had originally said he would release an opinion by mid-December.

Microsoft and some of the plaintiffs' attorneys agreed last month to settle the lawsuit by donating Microsoft software, refurbished computers and other resources to the nation's neediest schools. But other attorneys and educators have opposed the deal, arguing it would increase Microsoft's share in the education market and not best serve the neediest schools.

Microsoft and plaintiffs' attorneys met with a mediator earlier this week to discuss possible changes to the settlement.

The lawsuits allege that Microsoft used its monopoly power to overcharge consumers.

Microsoft Seeks Delay in Antitrust Remedy Hearings

Microsoft on Friday asked a federal judge for a four-month delay of hearings on what antitrust remedy should be imposed on the company.

The software giant told U.S. District Court Judge Colleen Kollar-Kotelly in a filing that it needed the delay because the states rejecting a proposed settlement of the case are seeking a "'dramatic expansion" of possible sanctions.

Under the current timetable, laid out by the judge three months ago, the remedy hearings are set to begin March 11. Microsoft said that leaves it too little time to prepare.

The schedule "'should be amended in view of the non-settling states' dramatic expansion of the scope of the litigation beyond what the court reasonably could have anticipated three months ago," Microsoft said in its brief.

The U.S. Justice Department and nine of the 18 states in the landmark case have agreed to a settlement that would require Microsoft to take steps to give computer makers more freedom to feature rival software on their machines.

But nine dissenting state attorneys general say the settlement is inadequate, and have asked Kollar-Kotelly for tougher sanctions against the

company for illegally maintaining its monopoly in personal computer operating systems.

Among other things, these states want Kollar-Kotelly to order Microsoft to sell a cheaper, stripped-down version of its Windows operating system.

One legal observer said a delay in the remedy hearing would be a big strategic victory for Microsoft if the judge granted its request.

Such a timetable would distance the remedy hearing from a separate Tunney Act public interest hearing on the proposed settlement, said University of Baltimore law professor Robert Lande.

"If she does say that this settlement is in the public interest, then the states face an uphill fight in their remedy proceeding," Lande said.
"It's enormously important from a strategic perspective."

Kollar-Kotelly asked the states to respond formally to Microsoft's delay request by Dec. 31.

In a separate filing, Microsoft said it would call Chief Executive Steve Ballmer as a witness at the remedy hearings. Microsoft chairman and cofounder, Bill Gates, did not appear in person during the trial.

Microsoft spokesman Jim Desler would not elaborate on why Ballmer was going to appear or the subject of his testimony.

"We chose the company representatives most appropriate to attest to our commitment to comply with the consent decree, as well as to counter the far-reaching proposals put forth by the non-settling states," Desler said.

Some legal analysts have said company chairman Bill Gates damaged Microsoft's defense at trial by not appearing in person.

An appeals court in June upheld the original trial court's ruling that the company violated antitrust law by illegally maintaining its monopoly in personal computer operating systems.

The proposed settlement would require Microsoft to share parts of the inner workings of Windows with other software makers.

But the dissenting states want Microsoft to also give competitors access to the inner workings of Internet Explorer and allow competitors to sell their own customized version of the Web browser.

In addition, the hold-out states want the judge to ensure Microsoft Office, the popular business software, will be compatible with other software platforms.

Microsoft Issues Patch for Internet Explorer Holes

Microsoft Corp. encouraged users of its Internet Explorer browser on Friday to download a software patch that was designed to fix three new security vulnerabilities and all prior known holes.

The patch is the latest in a string of fixes to the software the company sells that allows people to surf the Web and to host Web pages.

One vulnerability affects only IE version 6, said Christopher Budd, security program manager at the Microsoft Security Response Center.

That hole allows a Web site owner to have malicious code downloaded on the machine of an unwitting Web surfer, Budd said. The code could be used to steal, delete or change data or do other things to the computer, like change settings and grab passwords, he said.

The second two holes affect both IE 6 and IE 5.5, according to Budd.

One hole allows a Web site operator to have data from a Web surfer's machine transferred to the Web server, as long as the exact location and name of the file are known, he said.

The other vulnerability allows people to dupe Web surfers and e-mail recipients into accepting malicious code by using fake file names for items being downloaded to the victim's machine, Budd said.

Web surfers "should always consider the source of the file and not the file type when accepting a download" from a Web page, he said.

E-mail recipients are at risk when they receive an e-mail with a Web page inside of it that could contain malicious code, Budd said.

The patch, issued Thursday, is available for download from Microsoft's Web site, along with information, at www.microsoft.com/technet/security/bulletin/ms01-058.asp.

Microsoft Issues Patch For "Serious" XP Hole

Microsoft may have touted Windows XP as the most secure operating system it has made, but the company on Thursday released a bug fix for a security hole that could leave some people's systems open to malicious attack.

Microsoft is recommending that every Windows XP customer apply the patch immediately. Customers using Windows 98, Windows 98 Second Edition and Windows ME with the "Universal Plug and Play" (UPnP) service up and running should also use the patch, the company said.

UPnP is Microsoft software that uses Internet protocols to allow devices such as computers, scanners and printers to automatically discover one another so they can communicate. Microsoft said an attacker who exploited the hole could take over computers on such a network. Depending on the skills of the attackers, they could take complete control of the PC--such as viewing or deleting files--or launch "denial-of-service" attacks, which flood a person's PC with data, crippling it.

Windows users can download the patch from Microsoft's Web site.

A Microsoft executive said Windows XP comes with the UPnP feature turned on, so every XP user needs the patch.

"This is a serious vulnerability. People running Windows XP need to put the patch on right away," said Scott Culp, manager of Microsoft's Security Response Center.

Culp said users of Windows ME or Windows 98 only need the patch if they are running UPnP. Windows ME was released with UPnP built in, but the feature is turned off when customers install that operating system. Windows 98 doesn't have UPnP built in, so users of the OS don't need the patch unless they have installed UPnP separately, he added.

UPnP is networking software that is slowly beginning to catch on among tech companies and computer users. Printer makers, for example, have begun supporting it so that printers can easily connect to PCs on a network.

UPnP is Microsoft's vision of allowing computers, printers and other peripherals to automatically find one another and communicate without consumers having to configure the computers. With everything connected, people in the house could videoconference or play multiplayer video games, for example.

Culp said there are several ways people can exploit the security hole in UPnP. Someone who knows the Internet Protocol (IP) address of a specific PC can gain control of the computer through the Internet if the network doesn't have firewall security installed. Most corporations and many consumers, however, have firewalls installed to block these types of break-ins, he said.

More seriously, hackers who are inside the network can take over a PC without needing to know the PC's IP address. That's the case with cable Internet access, where people in the neighborhood share the same cable network, Culp said.

"With most cable modem users, there's a physical wire that feeds an entire neighborhood, and someone from that wire could attack anyone without needing to know the IP address," he said. "The attacker can take control of the PC and have access to all the files. They might as well be sitting in front of the keyboard."

The flaws were discovered by Aliso Viejo, Calif.-based security company eEye Digital Security and reported to Microsoft about six weeks ago, said Marc Maiffret, eEye's chief hacking officer.

Although describing the flaws as "the worst default security vulnerability in Windows ever," Maiffret credited the company for working quickly and intelligently to stem possible damage.

"Microsoft made a really good effort to work with us and get the patch ready in a coordinated way," he said. "Microsoft understands you're never going to be perfect; you have to have a mechanism in place to react to these things quickly and comprehensively when they happen."

Maiffret predicted hackers would develop and release tools to exploit the UPnP vulnerability within a week or two. But he said the buffer overflow flaw was so technically complex that attacks based on it were unlikely to become widespread. "I think the people skilled enough to exploit this will keep the exploit to themselves," he said.

PowerBook Adds Combo Drive

Apple Computer beefed up its line of PowerBook notebooks on Monday, doubling the memory and adding combination drives that can burn CDs and

play DVD movies.

The Cupertino, Calif.-based company also unveiled an upgrade program for owners of new PowerBooks released in October. Starting in mid-January, those Mac owners will be able to upgrade their notebooks' DVD drive or CD-rewritable drive to a combo unit for \$299.

The introduction of combo drives solves a major shortcoming for the PowerBook, Apple's portable for the professional market. The company also sells iBook, a lower-cost laptop for consumers.

Many PC notebooks now ship with combo CD-RW/DVD drives, with at least one model selling for as little as \$1,300. By not offering the same drives, PowerBook could be seen as a less-attractive option to some people, especially considering that Apple long ago abandoned floppy drives on its systems.

"DVD/CD-RW has been a big-ticket item for the higher-profile--a high-end user or business user that has wanted that flexibility," ARS analyst Matt Sargent said.

Such combo drives have been available for some time on high-end PC notebooks. "The problem is that is right where Apple wants to play in terms of audience," Sargent said. "The fact (that) they are behind the curve is disconcerting because some of those people may have chosen not to wait and switched to other vendors, like Dell."

Sargent noted that high-end notebooks are the fastest-growing segment of the overall portable market. "In fact, it's the only part of the market that's growing right now," he said.

In addition to including the combo drives, Apple doubled the memory to 256MB on the \$2,299 entry-level PowerBook G4, which sports a 550MHz PowerPC G4 processor and a 20GB hard drive. The company also doubled the memory to 512MB in the \$2,999 model, which features a 667MHz G4 chip and a 30GB hard drive.

Apple's lag getting combo drives on the PowerBook G4--also known as the Titanium because of its exterior--had to do with the company's original decision to use a slim, slot-loading optical drive, analysts said. Although the skinny drive allowed Apple to pack a 15.2-inch display into a one-inch thick, 5.4-pound case, it created logistical problems for combo drive manufacturers.

The biggest advantage of combo drives is that they offer the option of playing DVDs, archiving data and making music CDs. This is particularly important considering the DVD's ever-increasing popularity on notebooks, particularly higher-end models.

"This is something people have been longing for, and we've got it now on the PowerBook line," said Sandy Green, Apple's PowerBook product line manager. "People can now do their DVD playback and CD burning all in one system."

Combo drives are quickly carving out an important place alongside CD-RW drives, according to Gartner Dataquest. Manufacturers will ship 5.5 million combo CD-RW/DVD drives this year, the majority of which are for the notebook market. CD-RW drive shipments are expected to top 39 million this year. By 2005, combo drive shipments are expected to nearly match those of CD-RWs, at 89.3 million combo drives vs. 98.9 million CD-RW

drives.

In addition to falling behind PC notebook makers, the Titanium also ran afoul of Apple's own marketing, which had been emphasizing digital music. The company's iTunes 2 software, for example, easily rips MP3s from CDs or allows consumers to make their own CDs. But PowerBook couldn't offer this feature without sacrificing DVD playback or by requiring people to buy an external CD-RW drive.

"We're seeing a more complete product now," Technology Business Research analyst Tim Deal said. "Considering Apple's software offerings are digital video and audio oriented, it's good to finally see a laptop that takes advantage of the full line of software."

Apple bulked up Titanium in October--the first major upgrade since the portable's introduction in January--with faster processors, big hard drives and beefier graphics. But people buying those models had to choose either a DVD drive or CD-RW drive.

The release of the models upgraded with combo drives could be important to boosting Titanium sales, which slumped badly during Apple's fourth fiscal quarter that ended in September. Titanium's year-over-year sales dropped 34 percent in units and 36 percent in dollars, according to Apple. And Titanium sales plummeted 46 percent in units and 51 percent in dollars, compared with Apple's third quarter.

"When Titanium was released, we saw a significant sales leap that quarter. It was a pretty hot item," Deal said. "Then we saw the introduction of the iBook and Titanium sales dropped off. This is a good way to invigorate sales, and I think sales will ramp up because of these upgrades."

Green wouldn't disclose sales figures so close to the end of Apple's fiscal first quarter, but she did describe the kind of people buying the Titanium.

"We have one segment which we call the creative professional, and that breaks down into people doing high-end graphics work...and a lot of people in the video-editing field," she said. "They can be out on location and can do their quick edits." Apple also sees demand for PowerBook among sales professionals and in the education market, where the wireless networking features are a big draw, Green added.

Despite doubling the memory and adding the combo drives, Apple did not raise the price of its new Titanium machines.

Deal praised Apple for the move. "Apple once again is increasing features and functionality, while keeping that price tag under control," he said.

Hewlett-Packard, Compaq Pan HP Heir's Criticism

Computer makers Hewlett-Packard Co. and Compaq Computer Corp. on Wednesday struck back against criticism from HP heirs and opened a national advertising campaign to rally support for their much-criticized merger.

Hewlett-Packard Chief Executive Carly Fiorina and Compaq Chief Executive Michael Capellas issued their first public and detailed rebuttal to the case put forward by Walter Hewlett, a son of founder Bill Hewlett and a

dissident HP board member who has turned against the plan.

''We believe his recent opposition to the merger is based on a static and narrow view of HP and the industry, selectively ignores the synergies of this transaction, relies on faulty financial assumptions and analyzes, and offers no alternatives to address HP's challenges and opportunities," they wrote.

Hewlett-Packard published a nearly 50-page presentation for distribution to investors, and took out double-page advertisements in the New York Times and the Wall Street Journal arguing for the benefits of the merger, which the companies say would drive innovation and change.

With the shareholder vote not expected until at least late February, analysts say the battle is only going to get more intense as both sides try to sway investors to their sides.

''The only thing that's going to stop this from getting to be the worst prime-time soap opera in the IT industry ever is if the companies decide to go to different plans. They either structure a new deal or abandon the deal and go to Plan B," said Tom Austin, vice president at Gartner Inc., a consultancy.

But the chief financial officers from both companies stuck to their guns. ''It is a definitive deal," Compaq's Jeff Clarke told Reuters in an interview.

HP's Bob Wayman said changing the deal was possible but that there was no such plan to do so. ''The terms of the deal were designed to withstand some of the pressures that one can anticipate in this. It was designed to be a strong commitment from both companies to proceed," he said in the same interview.

Members of the founding Hewlett and Packard families have united in opposing the deal and hold 18 percent of HP stock.

Wayman said the rebuttal was not directed at Hewlett, who has led the opposition to the merger, but at the logic of his argument, which the company presentation released Wednesday says betrays a ''simplistic anti-merger bias."

''We are not trying to take a shot. We are trying to clarify for investors what we think is a more rational set of assumptions and analysis that they should be using in their deliberations," he said. ''And we did indeed try to point out that there are some shortcomings in the materials that Walter has put forth."

Hewlett, who sees the deal cutting the value of HP's printer franchise, bloating the PC division and scaring away clients, has predicted a total 10 percent drop in revenue after the merger, double HP's own forecasts.

HP said it expected sales to fall in about half its business which are deemed ''at risk," ranging from 5 percent of data storage revenue to 18 of home personal computer sales. Since printers and services are not at risk, Hewlett's loss assumptions are too high, HP argues.

Hewlett said market reaction had proved his point.

''Mr. Hewlett has been visiting with investors and has been very well received. We believe that it is HP that relies on faulty financial

assumptions and analysis," a spokesman said.

Gartner's Austin said HP would have been better served by proving support with its national ad campaign.

"I would really have been a heck of a lot more impressed if this was a list of the institutional shareholders who had committed to vote for the deal," he said.

Wayman said investors were still making up their minds.

"These institutional investors need to behave responsibly. They do not have final information. You should not expect them to be giving a view at this point in time," he said.

Russian Programmer Defends Deal

A Russian computer programmer charged with violating electronic book copyrights denied on Wednesday he turned against his company by agreeing to a deal that lets him return home.

Under the Dec. 13 deal, Dmitry Sklyarov must give a deposition and possibly testify in the U.S. government's case against ElComSoft Co. Ltd., which sold the software that could disable copyright protections on electronic books.

"I am extremely disappointed in any implication that I am cooperating with the government," he said. "I am a man of integrity and as such am doing nothing more than telling the truth - not for or against anyone."

Sklyarov, in his first news conference since the deal was announced, also said he still works for Russia-based ElComSoft and will continue to do so after he returns to Moscow on Dec. 31.

Sklyarov, 27, was arrested in July shortly after attending a hacker convention in Las Vegas. He hasn't been allowed to leave the United States since then.

He and ElComSoft were charged with releasing a program that disables protections in Adobe Systems Inc.'s e-book software. It was sold over the Internet and was legal in Russia but has since been taken off the market.

It was the first prosecution under the Digital Millennium Copyright Act. If convicted, he could have faced up to five years in prison and a \$500,000 fine. Under the deal, all charges could eventually be dropped.

The case against ElComSoft continues, and pretrial motions are scheduled to be heard in federal court early next year, said Joseph Burton, the company's attorney.

Among the issues to be resolved are the constitutionality of the law and whether the federal government has jurisdiction in the case, he said.

"Even if there were a constitutional interpretation of the DMCA, it's our position that the facts of this case do not show criminal conduct," Burton said. "We still have a long way to go."

Alex Katalov, ElComSoft's chief executive, said the Skylarov deal was reached with the company's knowledge.

"All that Dmitry has to do is to tell the truth," Katalov said. "We, of course, welcome that. The truth will never change regardless of who calls Dmitry as a witness."

Prosecutors declined to comment because the ElComSoft case is continuing, said Ross Nadel, chief of the hacking and intellectual property unit in the U.S. Attorney's Office in San Jose.

The Sklyarov case became a focal point for critics of the DMCA, which bars programs used to circumvent copyright-protection schemes. They say it discourages programming creativity required for quality digital security.

PayPal to Sell 5.4 Million Shares at \$12-\$14

PayPal Inc., a popular but money-losing Internet payment service, has said it would offer 5.4 million shares at between \$12 and \$14 each in its initial public offering.

The Palo Alto, California-based PayPal, which lets individuals and businesses transfer money through their e-mail accounts, estimates net proceeds from the IPO of about \$63.3 million, according to an amended prospectus filed with the Securities and Exchange Commission on Friday.

About \$10 million to \$15 million would be used for collateral requirements, and another \$10 million to \$15 million would be used for capital expenditures, PayPal said. The rest of the proceeds will be used for general corporate purposes.

Salomon Smith Barney, Bear Stearns & Co., William Blair & Co. and SunTrust Robinson Humphrey are to underwrite the offering and have an option to purchase up to 810,000 additional shares.

About 59 million shares will remain outstanding after the IPO, PayPal said in the filing. At the top end of the price range, that could give the firm a potential market capitalization of about \$826 million.

Nokia Ventures, a unit of telecommunications equipment giant Nokia Group, owns 4.8 million shares of PayPal, or about 8.9 percent of the firm prior to the IPO or 8.1 percent after the offering, according to the filing.

PayPal has emerged as a leader among a flurry of online payment services that cropped up to service Internet retailers and customers. It first filed to go public in September.

PayPal has applied to list on the Nasdaq under the symbol "PYPL".

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